

# **EXHIBIT B**

Thomas Holt

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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SEA STAR LINE, LLC, A LIMITED :  
LIABILITY COMPANY, :

Plaintiff/ :  
Counterclaim Defendant, :

vs. :

EMERALD EQUIPMENT LEASING, :  
INC., a corporation, :

Defendant/ :  
Counterclaim Plaintiff. :

Civil Action No.

05-CV-245-JJF (LPS)

Deposition of THOMAS HOLT, SR.

taken at Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place, 50 South 16th Street, 22nd Floor  
Philadelphia, Pennsylvania 19102

Tuesday, February 12 2008

9:45 a.m.

Gail L. Inghram Verbano, CSR, RMR, CLR  
302.449.0529

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4 (Pages 10 to 13)

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<p>1 there's several hundred pieces of equipment missing 2 that you never returned. 3 <b>Q I take it that you're using the royal</b> 4 <b>"you"?</b> 5 A As always, I look at counsel as Sea Star. 6 <b>Q Thank you.</b> 7 <b>What arrangement was there or is there to</b> 8 <b>compensate Arthur Davis?</b> 9 A The same answer as Lorraine. 10 <b>Q What work has John Evans done as a</b> 11 <b>contractor?</b> 12 A He, as an attorney, assisted Lorraine and 13 Arthur in the correlation and discovery of documents 14 from Sea Star and other entities and advice to me. 15 <b>Q During what period of time was John Evans</b> 16 <b>a contractor for Emerald Equipment?</b> 17 A For Emerald Equipment? Probably sometime 18 in '06 that ended. 19 <b>Q Do you recall when it started?</b> 20 A It would have started probably about '02, 21 '03, best guesstimate. 22 <b>Q What agreement for compensation does</b> 23 <b>Emerald or has Emerald had with John Evans?</b> 24 A Emerald was paying Mr. Evans; and it got</p>	<p>1 A I'm sorry. 2 <b>Q No, I'm sorry. I cut you off.</b> 3 A Go ahead. 4 <b>Q Was there an arrangement to compensate</b> 5 <b>her?</b> 6 A Yes, sir. 7 <b>Q And what was that arrangement?</b> 8 A Again, it was paid on a weekly basis, and 9 I feel it was -- the rate was per diem. It might 10 have been by the hour, but -- it was what it was. 11 <b>Q Was Emerald Equipment Leasing making the</b> 12 <b>payments to Mr. Evans and Mrs. Evans?</b> 13 A Was Emerald Equipment Leasing making 14 payments to them? 15 <b>Q Making the payments.</b> 16 A Are you talking about payroll? What kind 17 of -- 18 <b>Q Talking about writing checks, that sort</b> 19 <b>of thing.</b> 20 A Payments for services they rendered? 21 <b>Q Yes.</b> 22 A Emerald was paying them, yes. 23 <b>Q Do you recall the names of the other</b> 24 <b>people?</b></p>
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<p>1 to a point in time where it couldn't pay him anymore 2 so we parted company. Ran out of money. 3 <b>Q How was Mr. Evans being paid? Was it by</b> 4 <b>the hour or a salary?</b> 5 A I think it was more weekly, if I 6 remember. 7 <b>Q Was it a salary arrangement or an hourly</b> 8 <b>arrangement?</b> 9 A No, I believe it was more weekly, not 10 hourly. Might have been per diem. 11 <b>Q Was there a written contract?</b> 12 A No, sir. 13 <b>Q And what work did Mrs. Evans do for</b> 14 <b>Emerald?</b> 15 A Assisted in the correlation of all the 16 documents. 17 <b>Q Over what period of time did she do that</b> 18 <b>work?</b> 19 A Best guess for Emerald would have been 20 probably '05. 21 <b>Q During the year '05? No work prior, no</b> 22 <b>work afterwards?</b> 23 A I don't think so. 24 <b>Q Was there an arrangement --</b></p>	<p>1 A No, not off the top of my head. 2 <b>Q You recall Marty McDonald?</b> 3 A Okay. Thank you for reminding me. But 4 Marty was more in '03 and '04, I think. But thank 5 you for reminding me. 6 <b>Q You're welcome.</b> 7 <b>Was he working for Emerald at that time?</b> 8 A Yes. 9 <b>Q Was he being paid by Emerald?</b> 10 A Yes, sir. 11 <b>Q What were his responsibilities?</b> 12 A His responsibilities was to assist Arthur 13 and Lorraine in trying to find Emerald's equipment, 14 more towards Jacksonville and Puerto Rico; and trying 15 to recover the equipment; and also to assist in 16 whatever paperwork was required. 17 <b>Q Does Marty McDonald still do any work for</b> 18 <b>Emerald?</b> 19 A No, sir. 20 <b>Q Do you recall a Francisco or Frankie</b> 21 <b>Gonzalez?</b> 22 A I remember the name Frankie. He was in 23 Puerto Rico -- or was he in Jacksonville? 24 <b>Q He was in Puerto Rico.</b></p>

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5 (Pages 14 to 17)

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<p>1 A Okay.</p> <p>2 Q Was he working for Emerald?</p> <p>3 A He was working for Emerald.</p> <p>4 Q Over what period of time?</p> <p>5 A Probably the same time frame. From -- I</p> <p>6 want to say '02, but I think it was probably later</p> <p>7 part of that, maybe '03 and '04. Maybe '03, because</p> <p>8 Storage Transfer came into existence back in those</p> <p>9 days.</p> <p>10 Q What were his responsibilities?</p> <p>11 A To find the equipment that was scattered</p> <p>12 all over.</p> <p>13 Q How was he paid?</p> <p>14 A He was paid by Emerald.</p> <p>15 Q By check?</p> <p>16 A Jeez. I don't know if it was check,</p> <p>17 cash, wire transfer. You're going to '03? '02? Six</p> <p>18 years ago. He was paid. He wasn't doing it for</p> <p>19 free.</p> <p>20 Q Do you recall the name Joe Maqueda?</p> <p>21 A I recall the name. My mind says he was</p> <p>22 some sort of salesperson or in the leasing business.</p> <p>23 Q Was he working for Emerald?</p> <p>24 A He would probably have been working</p>	<p>1 Lorraine; and it could have been wire transfers, as I</p> <p>2 said earlier.</p> <p>3 Q Would Lorraine have been responsible for</p> <p>4 arranging the wire transfers?</p> <p>5 A Yes.</p> <p>6 MR. ARMSTRONG: Let me show you a copy of</p> <p>7 a renote of taking deposition that I'll ask the</p> <p>8 court reporter to mark as Exhibit 1 for</p> <p>9 identification.</p> <p>10 Counsel, before we start, do you want to</p> <p>11 mark this as Emerald Exhibit 1 or -- do you have any</p> <p>12 preference?</p> <p>13 MR. MOLDOFF: That's fine. I'm sure we</p> <p>14 probably used that designation before.</p> <p>15 (Discussion off the record.)</p> <p>16 (E.E.L. Exhibit 1 was marked for</p> <p>17 identification.)</p> <p>18 BY MR. ARMSTRONG:</p> <p>19 Q Have you seen that document before?</p> <p>20 A This document I saw today. I had the</p> <p>21 other document that you were going to do back in</p> <p>22 January. I would think they're one and the same. I</p> <p>23 don't know. You would know.</p> <p>24 Q I will say to you that Exhibit A should</p>
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<p>1 through Art Davis or Lorraine for Emerald selling</p> <p>2 equipment. That's how I would seem to remember. I</p> <p>3 don't know if he was an actual employee.</p> <p>4 Q Do you know whether he was paid by</p> <p>5 Emerald?</p> <p>6 A Yes; if he worked for Emerald, he</p> <p>7 certainly would have been paid. If he was a</p> <p>8 salesperson for Emerald, he would have been paid a</p> <p>9 commission, I would assume. Or if he just bought</p> <p>10 equipment from Emerald, that was that story.</p> <p>11 Q Who was responsible for actually making</p> <p>12 the payments to these contractors on behalf of</p> <p>13 Emerald?</p> <p>14 A Myself in a great degree, and Lorraine or</p> <p>15 Art.</p> <p>16 Q Did you actually write Emerald checks?</p> <p>17 A I don't think I ever wrote a check in my</p> <p>18 life. I always had my people write the checks.</p> <p>19 Q Well, who was or were the Emerald people</p> <p>20 that wrote the checks to these contractors, if there</p> <p>21 were checks?</p> <p>22 A That time frame?</p> <p>23 Q Yes, sir.</p> <p>24 A If it was checks, it would have been</p>	<p>1 be the same on both. The original in January was a</p> <p>2 notice; this is a renote. But the Exhibit A's</p> <p>3 attached should be the same.</p> <p>4 So look at Exhibit A. Have you seen that</p> <p>5 before?</p> <p>6 A This document here that says "Exhibit A"?</p> <p>7 Q Yes.</p> <p>8 A Yes. I seen it from your prior</p> <p>9 deposition notice.</p> <p>10 Q And have you reviewed it?</p> <p>11 A I read it.</p> <p>12 Q Are you here to testify as the corporate</p> <p>13 representative of Emerald Equipment Leasing, Inc., as</p> <p>14 to all items in Exhibit A?</p> <p>15 A To the best of my ability.</p> <p>16 Q Are there any other individuals who will</p> <p>17 testify as corporate representatives of Emerald as to</p> <p>18 any of the items specified on Exhibit A?</p> <p>19 A I am the only corporate representative of</p> <p>20 Emerald.</p> <p>21 MR. MOLDOFF: Well, that's actually --</p> <p>22 you mean that's actually the official --</p> <p>23 THE WITNESS: President.</p> <p>24 MR. MOLDOFF: -- officer?</p>

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7 (Pages 22 to 25)

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<p>1 involved in the inventory controls of NPR?</p> <p>2 A Well, as its chief executive officer and</p> <p>3 owner of the company, the period of time that I owned</p> <p>4 it.</p> <p>5 Q What period of time was that?</p> <p>6 A I bought the company in '07; and it was</p> <p>7 liquidated -- at least I was let out in '02.</p> <p>8 Q Did you buy the company in '97?</p> <p>9 A Yes, sir.</p> <p>10 Q And you owned the company until the</p> <p>11 company -- that is, NPR -- was liquidated in 2002?</p> <p>12 A I owned the company until a trustee</p> <p>13 replaced me in '02, March of '02. The company was in</p> <p>14 bankruptcy.</p> <p>15 You will find voluminous testimony on</p> <p>16 this that I gave you two years ago.</p> <p>17 Q So I'm moving on.</p> <p>18 But my question in regard to the</p> <p>19 inventory controls is, what was your specific</p> <p>20 involvement during that period of time?</p> <p>21 A Did I run the computer? No. Did I know</p> <p>22 that the inventories were taken on a daily basis?</p> <p>23 Yes. Submitted daily to all terminals of NPR,</p> <p>24 including the home office, where I was.</p>	<p>1 determination that the inventories of NPR -- that is,</p> <p>2 the equipment inventories -- were correct?</p> <p>3 A That day? No. Did we know them to be</p> <p>4 correct? As best as NPR's ability and Emerald's, to</p> <p>5 know where the equipment was, the condition of the</p> <p>6 equipment and who was using it.</p> <p>7 The asset sale of NPR did not include</p> <p>8 Emerald equipment.</p> <p>9 Q Would it be fair to say that insofar as</p> <p>10 Emerald was concerned, the NPR inventories as to</p> <p>11 types and locations of equipment were correct in --</p> <p>12 say as of April 25th, 2002?</p> <p>13 A We knew them to be correct, because they</p> <p>14 were doing, prior to April 25th -- or when was the</p> <p>15 sale? April 26th?</p> <p>16 Q The order was entered April 26th; the</p> <p>17 sale closed on April 27th.</p> <p>18 A Well, what I'm trying to tell you is that</p> <p>19 we knew them to be correct, because it was doing the</p> <p>20 mission statement of NPR and handling all the cargo</p> <p>21 requirements of NPR, and we had reports from all the</p> <p>22 terminals on what equipment was available and not</p> <p>23 available, as NPR.</p> <p>24 So Emerald relied upon that, because it</p>
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<p>1 Q And did you ever review those</p> <p>2 inventories?</p> <p>3 A Yes.</p> <p>4 Q Who, on behalf of Emerald, reviewed the</p> <p>5 inventories?</p> <p>6 MR. MOLDOFF: Object to the form of the</p> <p>7 question.</p> <p>8 THE WITNESS: Well, on behalf of</p> <p>9 Emerald -- wearing the same hat as the owner of</p> <p>10 Emerald in those days -- I was not as interested in</p> <p>11 the daily inventories of Emerald because Emerald did</p> <p>12 not truly have one. It was NPR's inventory for</p> <p>13 Emerald, because it was under a total lease. It was</p> <p>14 not what you would call a specific unit per-diem</p> <p>15 lease that was entered into with Sea Star and</p> <p>16 Emerald.</p> <p>17 If that can help you, fine. That's the</p> <p>18 way I saw it.</p> <p>19 BY MR. ARMSTRONG:</p> <p>20 Q In April 2002, there were NPR inventories</p> <p>21 continuing; correct?</p> <p>22 A That's right, on behalf of Emerald.</p> <p>23 Q And before the Court authorized the asset</p> <p>24 purchase by Sea Star from NPR, did Emerald make any</p>	<p>1 was a gross lease, not a per-diem lease, as we</p> <p>2 talked.</p> <p>3 Q All right. Now, when you say "all the</p> <p>4 terminals," were there terminals other than NPR</p> <p>5 terminals involved in that inventory?</p> <p>6 A Well, we had equipment that you took</p> <p>7 possession of in railroad yards, intermodal yards and</p> <p>8 trucking company yards. We had equipment under load.</p> <p>9 We had equipment waiting to be loaded throughout the</p> <p>10 country. We maintained depots in all those places.</p> <p>11 That was all there, covered under the NPR inventory</p> <p>12 controls.</p> <p>13 Q The inventory controls covered equipment</p> <p>14 terminals, inland depots, yards in the continental</p> <p>15 United States?</p> <p>16 A To be very specific what terminals, I</p> <p>17 couldn't tell you. Did it show where the equipment</p> <p>18 was? Yes.</p> <p>19 Q It showed equipment in Puerto Rico;</p> <p>20 correct?</p> <p>21 A Yes.</p> <p>22 Q Showed equipment in the Dominican</p> <p>23 Republic?</p> <p>24 A Yes.</p>



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8 (Pages 26 to 29)

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1 **Q Was the terminal in Puerto Rico reporting**  
2 **as to locations of equipment to NPR or to someone**  
3 **else on behalf of NPR?**

4 **MR. MOLDOFF:** Object to the form of the  
5 question.

6 **THE WITNESS:** The inventory controls  
7 would have had to come, plus or minus, every day from  
8 the various terminals back to the mainframe computer  
9 in Madison so that the marketing department would  
10 know what equipment was where, for the availability  
11 for -- first, to deliver cargo to the consignees; and  
12 second, to have equipment available for shippers  
13 throughout the territory you speak of.

14 **BY MR. ARMSTRONG:**

15 **Q What was the procedure in the Dominican**  
16 **Republic?**

17 **MR. MOLDOFF:** Object to the form of the  
18 question.

19 **BY MR. ARMSTRONG:**

20 **Q With respect to reporting.**

21 **A** The best I could tell you is that, if I  
22 can recall in those days, the Dominican Republic was  
23 reporting directly to the mainframe in Madison.

24 **Now, did it go through Puerto Rico to get**

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1 there? It could have. But certainly they knew what  
2 equipment was where.

3 **Q Did Emerald ever audit the equipment**  
4 **inventories reported by NPR?**

5 **A** Well, it was -- in the possession of NPR?

6 **Q** Yes, sir.

7 **A** No. As I told you, it was a grossed-up  
8 lease.

9 **Q What is a grossed-up lease?**

10 **A** It's a lease that NPR and Emerald entered  
11 into where the total fleet of Emerald would be leased  
12 by NPR for a period of time.

13 **Q Did you have any communications with Sea**  
14 **Star representatives concerning self-billing reports?**

15 **A** No. We talked in generalities to that.  
16 That was concluded between parties other than I.

17 **Q And who were those parties?**

18 **A** Well, my best guess right now -- and I  
19 can't tell you definitely -- was the Sea Star people,  
20 hopefully, because they prepared them: Art Davis,  
21 Lorraine, MBC Bank.

22 **Q Did you ever become aware that**  
23 **self-billing reports by Sea Star were inaccurate?**

24 **A** To answer that question, I should tell

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1 you that I was the person authorizing Emerald to  
2 enter into these self-billing reports between MBC,  
3 Sea Star and Emerald.

4 **Now, to answer your question: Yes.**

5 **Q When did you become aware that Sea Star**  
6 **self-billing reports were inaccurate?**

7 **A** Oh, it had to be the latter part of '02.

8 **Q How did you become aware that Sea Star's**  
9 **billing reports were inaccurate?**

10 **A** It was an accumulation of information  
11 that came into Emerald's office from your  
12 self-billing reports and from other marine terminals,  
13 truckers, railroad yards, et cetera. And primarily  
14 from your own documents, as we started to see a  
15 pattern of equipment not being accounted for.

16 **Q When did Emerald start to see the pattern**  
17 **of equipment not being accounted for?**

18 **A** I would tell you that once we started  
19 receiving your documents -- and I'm going to put a  
20 time frame on it -- could be wrong -- sometime in the  
21 fall of '02, maybe September/October.

22 **Q How did you personally learn that the Sea**  
23 **Star self-billing reports were inaccurate?**

24 **A** I reviewed them after they were corrected

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1 by Lorraine and Arthur.

2 **It was nothing that comes as any surprise**  
3 **to the Sea Star people. We were complaining bitterly**  
4 **about it.**

5 **Q And when did Emerald start complaining**  
6 **bitterly about the self-billing reports?**

7 **A** Once we started to see how you were  
8 underpaying.

9 **Q When was that? Was that in --**

10 **A** That was -- it could have been --

11 **Q Summer? fall?**

12 **A** It could have -- well, I'm telling you  
13 when I got involved.

14 **Q Okay.**

15 **A** It could have been sometime in August,  
16 July, June of '02, right from the get-go.

17 **Q Did you retain Lorraine Robins as a**  
18 **contractor before you determined that the -- or**  
19 **learned that the Sea Star self-billing reports were**  
20 **inaccurate?**

21 **A** Before or after? I retained her from  
22 when Emerald needed someone to cover their office  
23 activities. I retained her and Arthur. And it would  
24 have been probably immediately -- I don't know -- in

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9 (Pages 30 to 33)

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<p>1 July or August of that year.</p> <p>2 <b>Q July or August of 2002?</b></p> <p>3 A '02. '02, yeah.</p> <p>4 Now, that's six years ago, so -- five and</p> <p>5 a half years ago, so I believe that's the time frame.</p> <p>6 <b>Q When you learned that the Sea Star</b></p> <p>7 <b>self-billing reports were inaccurate, what action did</b></p> <p>8 <b>you take?</b></p> <p>9 A Well, I instructed them to communicate,</p> <p>10 in every instance, back to the Sea Star people. To</p> <p>11 correct the invoices, send them back to the Sea Star</p> <p>12 people. I started talking to people at Sea Star --</p> <p>13 specifically, Bob McGee.</p> <p>14 <b>Q Do you know whether Mr. Davis and</b></p> <p>15 <b>Ms. Robins followed your instructions?</b></p> <p>16 A Only the facts that bring us here today,</p> <p>17 yes. Yes, they did follow them.</p> <p>18 <b>Q When did you talk to Bob McGee about the</b></p> <p>19 <b>self-billing reports?</b></p> <p>20 A You mean the understating of them?</p> <p>21 <b>Q Yes.</b></p> <p>22 MR. MOLDOFF: If you recall. Again,</p> <p>23 don't speculate.</p> <p>24 THE WITNESS: I don't have ability to</p>	<p>1 A In the instance of equipment under load</p> <p>2 somewhere and not shown on the self-billing report.</p> <p>3 That really became very evident in '03.</p> <p>4 The instance of equipment being reported,</p> <p>5 but underreported, started, as I said to you, to show</p> <p>6 up, in our minds, through the end of '02.</p> <p>7 And finally, to finish your -- you go</p> <p>8 next. I'll wait for you.</p> <p>9 <b>Q No, go ahead.</b></p> <p>10 A No.</p> <p>11 <b>Q Go with the "finally."</b></p> <p>12 A No, please, you first.</p> <p>13 MR. MOLDOFF: Ask another question,</p> <p>14 please.</p> <p>15 THE WITNESS: You invited me. I'll wait</p> <p>16 for you.</p> <p>17 BY MR. ARMSTRONG:</p> <p>18 <b>Q Well, thank you.</b></p> <p>19 <b>As you were saying, "and finally."</b></p> <p>20 A That would not be an answer to a question</p> <p>21 that you might give me. Please give me a question,</p> <p>22 and I'll answer it.</p> <p>23 <b>Q Yes, sir. I'll be happy to.</b></p> <p>24 <b>When you say you weren't paying the per</b></p>
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<p>1 tell you what day I called him on the phone. But it</p> <p>2 probably was to closer to September/October.</p> <p>3 BY MR. ARMSTRONG:</p> <p>4 <b>Q 2002?</b></p> <p>5 A Yes. Had meetings with the man in</p> <p>6 that -- towards the end of the year.</p> <p>7 <b>Q Was the problem ever resolved?</b></p> <p>8 A No, sir.</p> <p>9 <b>Q Did you have any communications with</b></p> <p>10 <b>anyone from MBC Bank regarding the self-billing</b></p> <p>11 <b>reports or MBC leasing?</b></p> <p>12 A Well, back in those days, my contact with</p> <p>13 the bank was Scott Krieger. And I just said to him,</p> <p>14 As far as I'm concerned, you weren't paying the right</p> <p>15 rates -- not the rates, the right per diems. The</p> <p>16 rates were always proper under the schedule of rates</p> <p>17 in the Sea Star/Emerald lease, but it was the amount</p> <p>18 of per diems.</p> <p>19 In many cases, it was a mistake by your</p> <p>20 billing people. Many cases you could see there was a</p> <p>21 pattern over the time frame of several months that</p> <p>22 equipment was not being reported.</p> <p>23 <b>Q In what types of cases, if you can say,</b></p> <p>24 <b>was the pattern evident?</b></p>	<p>1 <b>diem, you were referring to Sea Star not paying the</b></p> <p>2 <b>per diem; correct? Not MBC?</b></p> <p>3 A MBC was the people that had the loan on</p> <p>4 the equipment. It was the documents that Sea Star</p> <p>5 was providing Emerald and MBC, known as your</p> <p>6 self-billing reports.</p> <p>7 <b>Q And those self-billing reports dealt with</b></p> <p>8 <b>per-diem payments; correct?</b></p> <p>9 A They dealt with two things: They dealt</p> <p>10 with per-diem payments, the rate; and they dealt with</p> <p>11 the amount of days; and a third thing would have been</p> <p>12 possession. That would have shown possession.</p> <p>13 <b>Q You were aware, were you not, that Sea</b></p> <p>14 <b>Star was storing equipment?</b></p> <p>15 A For whose benefit? Sea Star's or</p> <p>16 somebody else's?</p> <p>17 <b>Q For MBC.</b></p> <p>18 A That they were physically storing</p> <p>19 equipment for MBC?</p> <p>20 <b>Q Yes.</b></p> <p>21 <b>A Under the Emerald lease?</b></p> <p>22 <b>Q Under the --</b></p> <p>23 <b>A Or is that a separate transaction between</b></p> <p>24 <b>Sea Star and MBC?</b></p>

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12 (Pages 42 to 45)

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1 quite content that your self-billing reports would  
2 pay down my loan at MBC.

3 Now, I don't know if that helps you or  
4 don't help you. But that's how the foundation was  
5 going forward, into that agreement.

6 **Q** Payments under the -- under the  
7 self-billing reports went to MBC?

8 A That's correct.

9 **Q** Did they ever go to Emerald?

10 A No, sir.

11 **Q** Over what period of time did Emerald  
12 receive self-billing reports from Sea Star?

13 A It went through '03. I think it stopped  
14 sometime in August/September of '03. That's a  
15 guesstimate.

16 **Q** All of the payments under those reports  
17 went to MBC during that period of time?

18 A That was the agreement, that the moneys  
19 would be paid to them for Sea Star utilizing Emerald  
20 equipment to pay down Emerald's loan with MBC.

21 **Q** When you spoke with Scott Krieger about  
22 problems with the self-billing reports, what did he  
23 say to you?

24 A It's not his problem.

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1 **Q** Did he say why? Is that all he said?

2 A He asked me why. And I said, Bob, as far  
3 as I know, they probably don't have the right idea on  
4 how the clerk makes up the self-billing reports. I  
5 don't know why.

6 But the position is, Hey, Tom, I'm a  
7 banker, I'm getting my loan reduced. Thank you very  
8 much. I'm not involved in your agreement between  
9 Emerald and Sea Star.

10 **Q** When did you speak with Krieger about  
11 that?

12 A The fall of '02 and then into '03. Then  
13 when I tried to find him later on, he had been  
14 replaced. He left the bank.

15 **Q** And do you recall approximately how many  
16 discussions you had with him about the self-billing  
17 reports?

18 A Once he told me it wasn't his problem, I  
19 stopped calling him on that issue.

20 **Q** On what issues did you call him?

21 A Then we had other business dealings, the  
22 family did, with Mr. Krieger, that --

23 **Q** I should say, what other Sea Star issues?

24 A Well -- Sea Star. Sea Star issues with

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1 MBC and Emerald?

2 There was a question being raised -- and  
3 I don't know what period of time -- about an  
4 indemnification meant (sic) that was in an agreement  
5 between yourselves, Sea Star, and MBC. I was made  
6 aware of it. I got copies of the documentation that  
7 flew around.

8 I don't know if that was in '05, '06.

9 Might have been '03. I just didn't -- somebody was  
10 misinterpreting the document, and it wasn't my -- my  
11 document. It was between MBC and Sea Star.

12 **Q** Did you discuss with anyone regarding a  
13 claim that information contained in the self-billing  
14 reports was false and misleading?

15 A Did I discuss with anyone?

16 **Q** Yes.

17 A I discussed it with Bob McGee. I  
18 discussed it with, as I told you, Scott Krieger.

19 Now, anyone after that? Obviously  
20 counsel. Obviously, Lorraine and Arthur, Jack Evans.  
21 I certainly did not put it in the Journal of  
22 Commerce, if that's your question.

23 **Q** When did you have discussions with  
24 Lorraine Robins and Arthur Davis concerning the claim

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1 that information contained in the self-billing  
2 reports was false and misleading?

3 A Literally, every time a self-billing  
4 report showed up.

5 And there came a time when I talked to  
6 Krieger about the position that Sea Star was taking,  
7 that they did not like the idea that their  
8 self-billing reports were being ripped apart by  
9 Lorraine. And this person complained bitterly to MBC  
10 and took the position they weren't going to send any  
11 more self-billing reports.

12 Somewhere there's a couple of emails,  
13 letters flying around that document that person's  
14 position. I think it was somebody in Puerto Rico.

15 **Q** How were the self-billing reports false?  
16 In other words, what information contained in the  
17 self-billing reports was false?

18 A I thought we covered this about  
19 45 minutes ago. But again, I'll tell you.

20 When the self-billing reports would be  
21 presented, we would -- "we" being Lorraine and Arthur  
22 and the office -- would gather all the information on  
23 that, gather the information from where they could  
24 find it -- i.e., railroads, truckers, Sea Star,

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26 (Pages 98 to 101)

Page 98	Page 100
<p>1 it is. You'll have to tell me what it means. Then 2 it could refresh my memory. 3 <b>Q You've never seen it before?</b> 4 <b>A To my knowledge, I have not.</b> 5 <b>MR. ARMSTRONG:</b> All right. Can I ask 6 that this be marked as 8. 7 (E.E.L. Exhibit 8 was marked for 8 identification.) 9 <b>BY MR. ARMSTRONG:</b> 10 <b>Q As part of your damage claim --</b> 11 <b>A I'm not done reading it, so give me a</b> 12 <b>minute here.</b> 13 <b>MR. MOLDOFF:</b> For the record, it was a 14 settlement of an issue that arose regarding equipment 15 that was remaining in court or going -- there was a 16 continuing dispute. But it was a settlement that was 17 approved by the bankruptcy court with respect to the 18 disposition of that equipment pursuant to the 19 stipulation. 20 <b>THE WITNESS:</b> Then it is what it is. 21 <b>MR. MOLDOFF:</b> And the document speaks for 22 itself. 23 <b>BY MR. ARMSTRONG:</b> 24 <b>Q Does part of your damage claim relate to</b></p>	<p>1 <b>MR. MOLDOFF:</b> Are you saying -- 2 <b>BY MR. ARMSTRONG:</b> 3 <b>Q Does part of your claim relating to</b> 4 <b>Emerald equipment cover equipment that was located in</b> 5 <b>the Dominican Republic on or before April 27th,</b> 6 <b>2002?</b> 7 <b>MR. MOLDOFF:</b> Do you mean if it was 8 thereafter used by Sea Star? I object to the form of 9 the question. 10 <b>THE WITNESS:</b> Well, let's first 11 establish, when did you buy the company? 12 <b>BY MR. ARMSTRONG:</b> 13 <b>Q I think we went through that a couple of</b> 14 <b>hours ago.</b> 15 <b>A We went through a lot.</b> 16 <b>Q The document -- the order was entered on</b> 17 <b>April 27th -- I'm sorry -- April 26th, and the</b> 18 <b>closing occurred by the transfer of funds on</b> 19 <b>April 27th.</b> 20 <b>A So April 29th, you had possession of</b> 21 <b>the Emerald equipment.</b> 22 <b>Q That's a comment by you.</b> 23 <b>A Yes.</b> 24 <b>Q Now, I'm asking you --</b></p>
Page 99	Page 101
<p>1 <b>equipment that was located in the Dominican Republic</b> 2 <b>on April 27th, 2002?</b> 3 <b>A Sitting here, I can't tell you without</b> 4 <b>going into all the documents.</b> 5 <b>We -- you're now talking about equipment</b> 6 <b>you never returned? Is that what you're suggesting?</b> 7 <b>Q I'm not suggesting anything. I'm --</b> 8 <b>A What's your question then?</b> 9 <b>Q I'm asking you a question.</b> 10 <b>Does part of your damage claim --</b> 11 <b>A Right.</b> 12 <b>Q -- that is, Emerald's damage claim --</b> 13 <b>A Right.</b> 14 <b>Q -- relate to equipment that was in the</b> 15 <b>Dominican Republic on April 27th?</b> 16 <b>MR. MOLDOFF:</b> In other words, the 17 question relates to either rental payments and/or -- 18 <b>THE WITNESS:</b> Prior to April -- 19 <b>MR. MOLDOFF:</b> -- stipulated loss value. 20 I object to the question. 21 <b>BY MR. ARMSTRONG:</b> 22 <b>Q On or before April 27th, 2002.</b> 23 <b>A We would not invoice you on or before</b> 24 <b>April 27th, '02.</b></p>	<p>1 <b>A It's a fact.</b> 2 <b>Q -- a question.</b> 3 <b>A You took over Emerald's equipment as of</b> 4 <b>the closing. You either would return it within two</b> 5 <b>weeks after the closing or you were using it. If you</b> 6 <b>returned it, you would not be charged.</b> 7 <b>Q Does part of Emerald's claim relate to</b> 8 <b>equipment that was located in the Dominican Republic</b> 9 <b>on or before April 27th, 2002?</b> 10 <b>MR. MOLDOFF:</b> Object to the form of the 11 question. 12 <b>THE WITNESS:</b> April 29th or 27th? 13 <b>BY MR. ARMSTRONG:</b> 14 <b>Q April 27th.</b> 15 <b>A And that's prior to you buying the</b> 16 <b>company.</b> 17 <b>Q April 27th, 2002.</b> 18 <b>MR. MOLDOFF:</b> Object to the form of the 19 question. 20 <b>THE WITNESS:</b> It is, so -- I don't 21 understand the question. I leave it at that. 22 <b>BY MR. ARMSTRONG:</b> 23 <b>Q You don't understand what Emerald's claim</b> 24 <b>is with respect to equipment located in the Dominican</b></p>

Thomas Holt

28 (Pages 106 to 109)

Page 106	Page 108
<p>1 course of business to retrieve equipment that was in 2 the possession of Sea Star, they would have went 3 there. If it was in the possession of Teddy Heinsen 4 on behalf of Emerald, they would have went there. 5 I do know that Mr. Heinsen purchased a 6 lot of equipment from Emerald. 7 <b>Q Do you know when Mr. Heinsen purchased</b> 8 <b>that equipment from Emerald?</b> 9 <b>A Throughout the course of a couple of</b> 10 <b>years.</b> 11 <b>MR. ARMSTRONG:</b> Let me show you a copy of 12 a document entitled Notice of Maritime Liens Asserted 13 by E. T. Heinsen C Por A and Naves Y Terminales, S.A. 14 and I'll ask the court reporter to mark as Exhibit 9 15 for identification. 16 (E.E.L. Exhibit 9 was marked for 17 identification.) 18 <b>THE WITNESS:</b> Counsel, what's this have 19 to do with why I'm here today? 20 <b>BY MR. ARMSTRONG:</b> 21 <b>Q Have you ever seen that document before?</b> 22 <b>MR. MOLDOFF:</b> You can answer the question 23 if you can. 24 <b>THE WITNESS:</b> I've never seen this</p>	<p>1 <b>Q Did you participate in any resolution of</b> 2 <b>a Heinsen maritime lien claim?</b> 3 <b>A I didn't get an answer to my question.</b> 4 We're talking here about equipment that you're making 5 an allegation to. I want to know if you know that as 6 fact. 7 <b>Q Did you participate —</b> 8 <b>MR. MOLDOFF:</b> He doesn't have to answer 9 your question. 10 <b>BY MR. ARMSTRONG:</b> 11 <b>Q — in any resolution of the Heinsen</b> 12 <b>maritime lien claim?</b> 13 <b>A I participated between Lorraine and</b> 14 <b>Arthur Davis. I did not get involved with the</b> 15 <b>lawyers. I did not get involved with Teddy Heinsen.</b> 16 <b>Q Did Arthur Davis report to you that the</b> 17 <b>maritime lien claim asserted by E. T. Heinsen had</b> 18 <b>been resolved?</b> 19 <b>A What I can remember, the issue between</b> 20 <b>Heinsen and this document was resolved. How, I don't</b> 21 <b>know.</b> 22 <b>Q Do you know when it was resolved?</b> 23 <b>A I thought within a matter of weeks of it.</b> 24 <b>Q How did you gain that information?</b></p>
Page 107	Page 109
<p>1 document. I don't even know what it is. Is it a 2 claim for stevedoring? A claim for 3 stevedoring-related services. 4 <b>MR. MOLDOFF:</b> Just answer the question. 5 <b>THE WITNESS:</b> I never saw the document. 6 <b>BY MR. ARMSTRONG:</b> 7 <b>Q Did you ever become aware that Heinsen</b> 8 <b>was claiming maritime liens on Emerald equipment as</b> 9 <b>of April 25th, 2002?</b> 10 <b>A I answered that before: Yes, I knew that</b> 11 <b>he was attempting to hold Emerald equipment under a</b> 12 <b>lien. What equipment, I don't know what it was, but</b> 13 <b>it had been resolved.</b> 14 <b>Q Do you know when it was resolved?</b> 15 <b>A I would think within weeks of when they</b> 16 <b>claimed it.</b> 17 <b>Q Do you know how it was resolved?</b> 18 <b>A The attorneys resolved it. I don't know,</b> 19 <b>here sitting today. We'd have to go get the record.</b> 20 <b>Whatever it is, it is.</b> 21 <b>Are you suggesting that Emerald had</b> 22 <b>equipment in Santo Domingo, and then turned around</b> 23 <b>and invoiced you for lost equipment? Are you going</b> 24 <b>to say that? Is that what you're saying?</b></p>	<p>1 <b>A My recollection is I was told that by</b> 2 <b>Arthur or Lorraine. Whether it was or wasn't, I</b> 3 <b>don't know. The record will speak for itself.</b> 4 <b>MR. MOLDOFF:</b> Let's take a break, 5 two-minute break. 6 <b>MR. ARMSTRONG:</b> That's fine, because I'm 7 almost finished. 8 <b>MR. MOLDOFF:</b> Okay. 9 (Brief recess.) 10 <b>BY MR. ARMSTRONG:</b> 11 <b>Q Mr. Holt, have you ever participated in</b> 12 <b>the preparation of the spreadsheet invoices sent to</b> 13 <b>Sea Star?</b> 14 <b>A Physically participate, no.</b> 15 <b>Q Have you participated in any way?</b> 16 <b>A The overview and review.</b> 17 <b>Q Did you review those invoices?</b> 18 <b>A I did.</b> 19 <b>Q If Sea Star responded, did you review</b> 20 <b>responses?</b> 21 <b>A I probably did.</b> 22 <b>MR. MOLDOFF:</b> Objection to the form of 23 the question. 24 <b>BY MR. ARMSTRONG:</b></p>

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Lorraine Robins

Page 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SEA STAR LINE, LLC, A LIMITED :  
LIABILITY COMPANY, :  
 : Civil Action No.  
Plaintiff/ :  
Counterclaim Defendant, : 05-CV-245-JJF (LPS)  
 :  
vs. :  
 :  
EMERALD EQUIPMENT LEASING, :  
INC., a corporation, :  
 :  
Defendant/ :  
Counterclaim Plaintiff. :

Deposition of Lorraine Robins  
taken at Eckert Seamans Cherin & Mellott, LLC  
Two Liberty Place, 50 South 16th Street, 22nd Floor  
Philadelphia, Pennsylvania  
Friday, January 25, 2008  
9:05 a.m.

Gail L. Inghram Verbano, CSR, RMR, CLR  
302.449.0529

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## Lorraine Robins

4 (Pages 10 to 13)

Page 10	Page 12
<p>1 referring?</p> <p>2 A The cancelation, yes.</p> <p>3 Q Are you here as a representative of</p> <p>4 Storage Transfer?</p> <p>5 A That's correct.</p> <p>6 Q And that's the only capacity in which</p> <p>7 you're here; is that correct?</p> <p>8 A That's correct.</p> <p>9 Q Are you represented by counsel?</p> <p>10 A No.</p> <p>11 MR. MOLDOFF: Could I just -- in order --</p> <p>12 I see we have it marked as Robins Exhibit 1. Would</p> <p>13 it make it easier for reference to make it Storage</p> <p>14 Transfer?</p> <p>15 MR. ARMSTRONG: Why don't we make it ST.</p> <p>16 MR. MOLDOFF: Something like that, so we</p> <p>17 don't get confused. Is ST acceptable?</p> <p>18 MR. ARMSTRONG: ST is fine.</p> <p>19 MR. MOLDOFF: ST being for Storage</p> <p>20 Transfer.</p> <p>21 MR. ARMSTRONG: That's correct.</p> <p>22 BY MR. ARMSTRONG:</p> <p>23 Q Does Storage Transfer maintain any places</p> <p>24 of business, other than the one that you identified</p>	<p>1 (S.T. Exhibit 3 was marked for</p> <p>2 identification.)</p> <p>3 MR. ARMSTRONG: You have handand me a</p> <p>4 copy of a Guaranty Agreement. Let me ask that the</p> <p>5 court reporter mark this as Exhibit 4 for</p> <p>6 identification.</p> <p>7 (S.T. Exhibit 4 was marked for</p> <p>8 identification.)</p> <p>9 MR. ARMSTRONG: You have handed me a</p> <p>10 document entitled Acknowledgment of Receipt of</p> <p>11 Original Loan Documents. Let me ask that the court</p> <p>12 reporter mark this as Exhibit 5 for identification.</p> <p>13 (S.T. Exhibit 5 was marked for</p> <p>14 identification.)</p> <p>15 THE WITNESS: You want the rest?</p> <p>16 MR. ARMSTRONG: Yeah.</p> <p>17 THE WITNESS: Okay. The bills of sale.</p> <p>18 There's a lot of them.</p> <p>19 MR. ARMSTRONG: You have handed me a</p> <p>20 package of bills of sale. Let me ask that the court</p> <p>21 reporter mark these as composite Exhibit 6 for</p> <p>22 identification.</p> <p>23 Counsel, to keep these straight, is it</p> <p>24 enough to make it a Composite 6, or do you want to go</p>
Page 11	Page 13
<p>1 before?</p> <p>2 A No.</p> <p>3 Q There are no Storage Transfer places of</p> <p>4 business in Florida?</p> <p>5 A No.</p> <p>6 Q Do you do work for Storage Transfer when</p> <p>7 you're in Florida?</p> <p>8 A No.</p> <p>9 Q Have you brought documents with you?</p> <p>10 A Yes.</p> <p>11 Q May I see them?</p> <p>12 A I have this one, if you want this.</p> <p>13 Q Yes.</p> <p>14 A I have the loan agreement.</p> <p>15 MR. ARMSTRONG: You have handed me a Loan</p> <p>16 Sale and Assignment Agreement. Let me ask that the</p> <p>17 court reporter mark this as Exhibit 2 for</p> <p>18 identification.</p> <p>19 (S.T. Exhibit 2 was marked for</p> <p>20 identification.)</p> <p>21 MR. ARMSTRONG: You have handed me a copy</p> <p>22 of a Security Agreement between Storage Transfer and</p> <p>23 MBC Leasing Corp. Let me ask that the court reporter</p> <p>24 mark this as Exhibit 3 for identification.</p>	<p>1 A, B, C, D, E?</p> <p>2 MR. MOLDOFF: Composite 6 is fine.</p> <p>3 (S.T. Exhibit 6 was marked for</p> <p>4 identification.)</p> <p>5 MR. ARMSTRONG: You have handed me a bill</p> <p>6 from the Law Offices of Gebhardt &amp; Smith dated</p> <p>7 December 17th, 2003. Let me ask the court reporter</p> <p>8 to mark this as Exhibit 7 for identification.</p> <p>9 (S.T. Exhibit 7 was marked for</p> <p>10 identification.)</p> <p>11 MR. ARMSTRONG: You have handed me a</p> <p>12 United States Department of Justice Quarterly Fees</p> <p>13 Statement for Chapter 11, Emerald Equipment Leasing,</p> <p>14 Inc. Let me ask that the court reporter mark this as</p> <p>15 Exhibit 8 for identification.</p> <p>16 (S.T. Exhibit 8 was marked for</p> <p>17 identification.)</p> <p>18 MR. ARMSTRONG: You have handed me a copy</p> <p>19 of an invoice dated May 17th, 2004, from Ariel</p> <p>20 Valantin to Storage Transfer, LLC. Let me ask that</p> <p>21 the court reporter mark this as Exhibit 9 for</p> <p>22 identification.</p> <p>23 (S.T. Exhibit 9 was marked for</p> <p>24 identification.)</p>



Lorraine Robins

5 (Pages 14 to 17)

Page 14	Page 16
<p>1 MR. ARMSTRONG: You have handed me a copy 2 of a letter dated February 25th, 2004, addressed to 3 Storage Transfer, LLC, care of Lorraine Robins, 4 signed by Gary M. Schildhorn. Let me ask that the 5 court reporter mark this as Exhibit 10 for 6 identification. 7 (S.T. Exhibit 10 was marked for 8 identification.) 9 MR. ARMSTRONG: You have handed me a copy 10 of a letter dated February 25th, 2004, Re: 11 Carve-out, addressed to Storage Transfer, LLC, care 12 of Lorraine Robins, signed by Gary M. Schildhorn. 13 Let me ask that the court reporter mark this as 14 Exhibit 11 for identification. 15 (S.T. Exhibit 11 was marked for 16 identification.) 17 MR. ARMSTRONG: You have handed me a copy 18 of a letter dated August 15th, 2007, addressed to 19 Lorraine Robins, signed by Gary M. Schildhorn. Let 20 me ask that the court reporter mark this as 21 Exhibit 12 for identification. 22 (S.T. Exhibit 12 was marked for 23 identification.) 24 BY MR. ARMSTRONG:</p>	<p>1 A Not at this particular time, no. 2 Q Has there ever been any lease transaction 3 for equipment in which Storage Transfer has been the 4 lessor? 5 A No. 6 Q Does Storage Transfer have any 7 relationship with MBC Leasing Corp. at this time? 8 A We had an agreement with MBC. 9 Q Is that agreement still in effect? 10 A The agreement was for the purchase of the 11 loan. And since it has been paid off in full, the 12 agreement is -- I don't want to say that the 13 agreement is no longer in effect. We had purchased 14 the position of MBC. 15 Q When you indicate that the agreement was 16 for the purchase of the MBC loan -- 17 A That's correct. 18 Q -- are you referring to the Loan Sale and 19 Assignment Agreement that has been marked as 20 Exhibit 2? 21 A Yes. 22 Q Who negotiated that agreement on behalf 23 of Storage Transfer? 24 A I did.</p>
Page 15	Page 17
<p>1 Q When you say that Emerald -- I'm sorry -- 2 Storage Transfer is in the business of selling 3 equipment -- 4 A Well, leasing equipment and selling 5 equipment. 6 Q Does Storage Transfer lease and sell its 7 own equipment? 8 A No. 9 Q What equipment does Storage Transfer 10 lease and sell? 11 A Well, it doesn't lease; it sells Emerald 12 equipment. 13 Q Then is there any lease business in which 14 Storage Transfer is involved? 15 A Not at this particular time. 16 Q Has there ever been any lease business in 17 which Storage Transfer has been involved? 18 A That Storage Transfer has been the lessee 19 or the lessor? 20 Q Well, let's say in which Storage Transfer 21 has been the lessee. 22 A Lessee, no. 23 Q In which Storage Transfer has been the 24 lessor?</p>	<p>1 Q When did you begin negotiating that 2 agreement? 3 A In October of '03. 4 Q With whom did you negotiate? 5 A Scott Krieger of MBC. 6 Q Do you know what Mr. Krieger's position 7 was with MBC at that time? 8 A I don't know what his title was exactly. 9 I don't remember. I mean, I did at that time, but I 10 think it should be here in the documents. 11 Treasurer and assistant treasurer -- 12 secretary and assistant treasurer -- no, it's 13 treasurer and assistant secretary. Sorry about that. 14 Q Are you referring to the signature line? 15 A On Page 12. 16 Q On Page 12. 17 On Page 13, do you recognize the 18 signature on behalf of Storage Transfer? 19 A That's correct. 20 Q Is that your signature? 21 A That is my signature. 22 Q Is Exhibit 2 a true and correct copy of 23 the Loan Sale and Assignment Agreement? 24 A Best of my knowledge, it is.</p>



Lorraine Robins

7 (Pages 22 to 25)

Page 22	Page 24
<p>1 Q In terms of the documents, did you</p> <p>2 communicate with anyone at MBC in regard to</p> <p>3 preparation?</p> <p>4 A With Mr. Krieger, Scott Krieger.</p> <p>5 Q Did you communicate with any MBC</p> <p>6 attorneys?</p> <p>7 A I don't recall whether I spoke to Bill</p> <p>8 Hallam or not.</p> <p>9 Q Do you know Bill Hallam?</p> <p>10 A I think I may have spoke to him once or</p> <p>11 twice. I'm not sure.</p> <p>12 Q Prior to signing the Loan Sale and</p> <p>13 Assignment Agreement, did you make any investigation</p> <p>14 as to what the status of the loan was?</p> <p>15 A Yes.</p> <p>16 Q And how did you do that?</p> <p>17 A Got the information from Mr. Krieger.</p> <p>18 Q Did you make any independent</p> <p>19 investigation? That is, independent of Mr. Krieger.</p> <p>20 A No.</p> <p>21 Q Did you make any investigation as to what</p> <p>22 equipment was covered?</p> <p>23 A Well, I knew what equipment was covered.</p> <p>24 It was -- because I had the -- I had a list of all</p>	<p>1 Q When you say "from the very beginning,"</p> <p>2 when was the beginning?</p> <p>3 A I have to check the list of equipment. I</p> <p>4 don't have it with me. May have dated it.</p> <p>5 Q Are you referring to an equipment list</p> <p>6 that was printed out April 29th --</p> <p>7 A No, I'm not referring to that.</p> <p>8 Q -- 2002?</p> <p>9 A No. I'm referring to an equipment list</p> <p>10 that was printed out that gave the numbers of the</p> <p>11 container numbers, the equipment numbers, the VIN</p> <p>12 numbers and license plate numbers.</p> <p>13 Q When did you first see that list?</p> <p>14 A I can't recall that.</p> <p>15 Q When was the list put together?</p> <p>16 A I don't know that. I don't have the list</p> <p>17 here. But I believe that list was given -- was a</p> <p>18 part of the original documents that were given in</p> <p>19 discovery.</p> <p>20 Q Part of the --</p> <p>21 A Documents that were sent in discovery.</p> <p>22 Q Did you enter into any other assignment</p> <p>23 agreements with MBC?</p> <p>24 A No.</p>
Page 23	Page 25
<p>1 the equipment.</p> <p>2 Q Where did you get the list?</p> <p>3 A I had a list from Mr. Krieger; and I have</p> <p>4 another list of all the equipment. I don't know</p> <p>5 where that came from.</p> <p>6 Q Do you know when Mr. Krieger's letter was</p> <p>7 prepared -- that is, the list he gave you?</p> <p>8 A Well, I know there was a list that was</p> <p>9 attached to this.</p> <p>10 Q Do you know when that was prepared?</p> <p>11 A No, I do not.</p> <p>12 Q Did you ask?</p> <p>13 A No. You have to understand, I had a very</p> <p>14 good relationship with MBC Bank, and I had explicit</p> <p>15 trust in what they gave me.</p> <p>16 Q Did you make any independent inquiry or</p> <p>17 investigation as to whether all of that equipment was</p> <p>18 in existence?</p> <p>19 A No.</p> <p>20 Q Have you ever investigated whether all of</p> <p>21 that equipment is in existence?</p> <p>22 A Well, all that equipment was in</p> <p>23 existence, because we had a computer printout from</p> <p>24 the very beginning of the equipment from Naverios.</p>	<p>1 Q Were there any assignments, other than</p> <p>2 those stated in that agreement -- that is, the Loan</p> <p>3 Sale and Assignment Agreement, Exhibit 2 --</p> <p>4 A No.</p> <p>5 Q -- that Storage received from MBC?</p> <p>6 A No. These are all the documents I</p> <p>7 received from MBC.</p> <p>8 Q Did you investigate whether MBC had any</p> <p>9 other claims against anyone in connection with</p> <p>10 Emerald Equipment?</p> <p>11 A I don't understand your question.</p> <p>12 MR. MOLDOFF: Anyone other than Sea Star?</p> <p>13 BY MR. ARMSTRONG:</p> <p>14 Q Against anyone other than claims -- let</p> <p>15 me rephrase that.</p> <p>16 Did you investigate whether MBC had</p> <p>17 claims against anyone other than those claims that</p> <p>18 are specified in this agreement?</p> <p>19 A No. MBC gave me -- or signed over all</p> <p>20 the titles of equipment to me and gave me all the</p> <p>21 titles.</p> <p>22 Q Is that a separate document?</p> <p>23 A Well, that's -- how many pieces of</p> <p>24 equipment? Every piece of equipment had a title.</p>

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Lorraine Robins

8 (Pages 26 to 29)

Page 26	Page 28
<p>1 Q So you received the titles with an MBC 2 assignment on the -- 3 A Right. 4 Q -- front or the back, wherever the space 5 was? 6 A That's correct. 7 Q And was the assignment then to Storage 8 Transfer, LLC? 9 A They signed -- yes, uh-huh. 10 See, they had a lien against it; and they 11 signed off the lien and turned the titles over to 12 Storage Transfer. 13 Q All right. Did you have any 14 communications with Mr. Krieger about any particular 15 provisions of this Loan Sale and Assignment 16 Agreement? 17 A Such as what? I don't understand your 18 question. 19 Q Well, when the Loan Sale and Assignment 20 Agreement was drafted, did you review the draft? 21 A Yes, I did. 22 Q Is that the same draft that you reviewed? 23 A Well, we may have made corrections to it. 24 I don't know. This is the final draft. This</p>	<p>1 A Sea Star Line -- or maybe to you, Tim. 2 Q Did he send a letter to you? 3 A No. I remember seeing it somewhere in 4 the documents. 5 Q Do you recall when he sent that letter? 6 A No. 7 Q Now, there's -- Exhibit 7 is a statement 8 from Gebhardt &amp; Smith. 9 A Uh-huh. 10 Q What is that reference? 11 A That was Bill Hallam's invoice for 12 setting up the loan agreement, which I agreed to pay. 13 Q And did you pay that invoice? 14 A I did. I think there's a check attached 15 to it. If there isn't, there should have been. 16 I did pay. It has been paid by Storage 17 Transfer. 18 Q Exhibit 10 is a copy of a letter dated 19 February 25th, 2004, Re: Contribution to the 20 Emerald Estate. 21 A Uh-huh. 22 Q Do you recall that letter? 23 A Yes, I do. 24 Q Is that a true and correct copy of the</p>
Page 27	Page 29
<p>1 isn't -- may not have been the same draft that I -- 2 that I -- 3 Q Do you recall whether you made any 4 corrections to the draft? 5 A That was four years ago. Okay? 6 MR. ARMSTRONG: Let me show you a copy of 7 a document that I'll ask the court reporter to mark 8 as Exhibit 13. 9 (S.T. Exhibit 13 was marked for 10 identification.) 11 BY MR. ARMSTRONG: 12 Q Do you recognize that document? It's the 13 indemnity. 14 A No, I don't really recognize it, huh-uh. 15 No, I don't recognize this. 16 Q Do you recall ever seeing an Indemnity 17 Agreement before -- 18 A I remember -- 19 Q -- such as that? 20 A No. I remember some talk about this 21 Indemnity Agreement. And I believe that -- I believe 22 that Mr. Hallam sent a letter giving an explanation 23 of what this really meant. 24 Q Sent a letter to whom?</p>	<p>1 letter that you received? 2 A Yes, it is. 3 Q Did you sign that letter on the second 4 page? 5 A Yes, I did. 6 Q And do you recognize your signature? 7 A I do. 8 Q What were the circumstances under which 9 you received that letter? 10 A Well, I think the letter is 11 self-explanatory communications. 12 Q When did the communications regarding 13 contribution to the Emerald estate first arise? 14 A I guess it was in February sometime. I 15 think it was prior to that. I don't recall. I see 16 this is dated February, but I don't recall. 17 Q And why were you discussing -- that is, 18 Storage Transfer discussing -- a contribution to the 19 Emerald estate? 20 A We agreed to do it. 21 Q And why did you agree to do it? 22 A Because evidently, at that particular 23 time, if my conversations with Gary Schildhorn were 24 correct, I felt it was the proper thing to do.</p>

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Lorraine Robins

9 (Pages 30 to 33)

Page 30	Page 32
<p>1 <b>Q What was Storage Transfer to receive in</b>  2 <b>return for its contribution to the Emerald estate?</b>  3 <b>A The 15 percent for the Emerald estate</b>  4 <b>would be paid to the Emerald estate after all</b>  5 <b>expenses. What was then left after that would go to</b>  6 <b>the secured creditor. And if anyone was left after</b>  7 <b>the secured creditor received payment, then it would</b>  8 <b>go back to the estate.</b>  9 <b>Storage Transfer was the secured</b>  10 <b>creditor, because it had assumed MBC's secured</b>  11 <b>position.</b>  12 <b>Q Storage Transfer assumed MBC's position,</b>  13 <b>you understood, under the Loan Sale and Assignment</b>  14 <b>Agreement; is that correct?</b>  15 <b>A That's correct. That's correct.</b>  16 <b>Q Under that Loan Sale and Assignment</b>  17 <b>Agreement, was Storage Transfer obligated to collect</b>  18 <b>moneys from third parties, such as Sea Star, that</b>  19 <b>might have owed money to MBC or to Emerald?</b>  20 <b>A That's correct, and paid down the loan</b>  21 <b>accordingly. Whatever Storage Transfer received</b>  22 <b>during that period of time was applied against the</b>  23 <b>loan balance.</b>  24 <b>Q Against what loan balance?</b></p>	<p>1 had -- when they sold equipment. Once the  2 equipment -- they received the money, then they would  3 release the titles. They would not release titles  4 unless they received cash.  5 <b>Q Did Storage Transfer hire attorneys to</b>  6 <b>deal with Sea Star in regard to collections?</b>  7 <b>A No.</b>  8 <b>Q Has Storage Transfer ever hired</b>  9 <b>attorneys?</b>  10 <b>A I don't think so, other than for</b>  11 <b>incorporation.</b>  12 <b>Well, I may have hired an attorney for --</b>  13 <b>to have my deposition postponed.</b>  14 <b>Q Other than that, Storage Transfer has</b>  15 <b>never hired attorneys?</b>  16 <b>A No.</b>  17 <b>Q So at this point, Storage Transfer has</b>  18 <b>incurred no attorneys' fees in connection with any</b>  19 <b>collections from Sea Star?</b>  20 <b>A No, we have incurred attorneys' fees,</b>  21 <b>because we have the fees for -- I think for -- well,</b>  22 <b>it was Adelman Lavine. We were paying those.</b>  23 <b>Q Did Storage Transfer hire Adelman Lavine</b>  24 <b>to --</b></p>
Page 31	Page 33
<p>1 <b>A The MBC loan balance which Storage</b>  2 <b>Transfer now was a holder of.</b>  3 <b>Q Under the Loan Sale and Assignment</b>  4 <b>Agreement, Storage Transfer would collect money and</b>  5 <b>give part and it to MBC; correct?</b>  6 <b>A Yes. They gave 400,000. That is what</b>  7 <b>the promissory note was about.</b>  8 <b>Q Storage Transfer also agreed to give MBC</b>  9 <b>20 percent of whatever Storage Transfer collected</b>  10 <b>from Sea Star; correct?</b>  11 <b>A On -- on the rental equipment after</b>  12 <b>expenses.</b>  13 <b>Q And what were the expenses involved in</b>  14 <b>this collection?</b>  15 <b>A Well, expenses were any expenses that</b>  16 <b>Storage Transfer had for office, for salaries, for</b>  17 <b>recovery of equipment. Any expenses they had for</b>  18 <b>doing business.</b>  19 <b>Q Did Storage Transfer hire attorneys to</b>  20 <b>collect the money?</b>  21 <b>A No.</b>  22 <b>Q How was Storage Transfer to collect the</b>  23 <b>money without attorneys?</b>  24 <b>A They issued a bill of sale, and they</b></p>	<p>1 <b>A No.</b>  2 <b>Q -- pursue this collection?</b>  3 <b>A No, not for collection.</b>  4 <b>MR. MOLDOFF: I believe there were</b>  5 <b>documents relating to the carve-out that goes to</b>  6 <b>that.</b>  7 <b>BY MR. ARMSTRONG:</b>  8 <b>Q Well, in connection with the collection,</b>  9 <b>how was Storage Transfer to -- or how did Storage</b>  10 <b>Transfer plan to deal with Sea Star?</b>  11 <b>A What do you mean, how did we plan to deal</b>  12 <b>with Sea Star?</b>  13 <b>Q Storage Transfer wanted to collect money</b>  14 <b>from Sea Star; correct?</b>  15 <b>A Yes. But Emerald is -- Emerald is the</b>  16 <b>one that's dealing with Sea Star, not Storage</b>  17 <b>Transfer.</b>  18 <b>Q Is Emerald dealing with Sea Star on</b>  19 <b>behalf of Storage Transfer?</b>  20 <b>A No. It's -- it's on behalf of the</b>  21 <b>creditors.</b>  22 <b>Q On behalf of what creditors?</b>  23 <b>A Whatever creditors Emerald has.</b>  24 <b>Q And do you know what creditors Emerald</b></p>

Lorraine Robins

10 (Pages 34 to 37)

Page 34	Page 36
<p>1 has?</p> <p>2 A No, I don't.</p> <p>3 Q Are there any secured creditors other</p> <p>4 than Storage Transfer of Emerald?</p> <p>5 A I don't know. But I know Storage</p> <p>6 Transfer is a secured creditor.</p> <p>7 Q Has Storage Transfer paid any of</p> <p>8 Emerald's attorneys' fees?</p> <p>9 A They have.</p> <p>10 Q Over what period of time has Storage</p> <p>11 Transfer paid Emerald attorneys' fees?</p> <p>12 A I would have to check on that.</p> <p>13 Q And does Storage Transfer pay Emerald's</p> <p>14 attorneys' fees on a regular basis?</p> <p>15 A No.</p> <p>16 Q Is there a periodic basis during which --</p> <p>17 A I haven't paid them for quite a while, so</p> <p>18 I'm going to say it's periodic.</p> <p>19 Q Has Storage Transfer paid Emerald</p> <p>20 attorneys' fees?</p> <p>21 A Yes.</p> <p>22 Q And is there a Storage Transfer check</p> <p>23 showing payment?</p> <p>24 A Yes.</p>	<p>1 A Well, I think you have an exhibit there</p> <p>2 from Ariel.</p> <p>3 Q You're referring to Exhibit 9 for</p> <p>4 identification?</p> <p>5 A Yes.</p> <p>6 Q What does that exhibit cover?</p> <p>7 A That exhibit covers equipment that was</p> <p>8 located -- Emerald equipment that was located in --</p> <p>9 by Ariel Valentin in Priority Ro/Ro, Pier 15,</p> <p>10 San Juan.</p> <p>11 Q When was that equipment located at</p> <p>12 Priority Ro/Ro?</p> <p>13 A Let me see -- this bill of sale is dated</p> <p>14 May 17th, 2004.</p> <p>15 Q And did Storage Transfer pay that bill?</p> <p>16 A Yes, they did.</p> <p>17 Q Has Storage Transfer received any other</p> <p>18 bills?</p> <p>19 A No.</p> <p>20 Q Storage Transfer has been selling</p> <p>21 equipment, has it not?</p> <p>22 A Yes, it has.</p> <p>23 Q Did Storage Transfer sell the equipment</p> <p>24 covered by this bill -- that is, Exhibit 9?</p>
Page 35	Page 37
<p>1 Q Are there invoices supporting that</p> <p>2 payment?</p> <p>3 A No; the invoices are to Emerald. Storage</p> <p>4 Transfer just sent a check on account.</p> <p>5 Q And what is the amount of attorneys' fees</p> <p>6 that Storage Transfer has paid -- that is, Emerald</p> <p>7 attorneys' fees?</p> <p>8 A I would have to check that. I don't know</p> <p>9 offhand. It wasn't too much, I don't think.</p> <p>10 Q You don't recall when the payment was</p> <p>11 made?</p> <p>12 A It was probably made in '03 and a little</p> <p>13 bit in '04. And it wasn't constant. It wasn't a</p> <p>14 monthly thing or anything else like that. It was</p> <p>15 give as you could.</p> <p>16 Q Have you been receiving bills -- that is,</p> <p>17 has Storage Transfer been receiving bills from</p> <p>18 Emerald's attorneys?</p> <p>19 A No.</p> <p>20 Q Has Lorraine Robins individually been</p> <p>21 receiving bills from Emerald's attorneys?</p> <p>22 A No.</p> <p>23 Q Other than attorneys' fees, what</p> <p>24 collection expenses has Storage Transfer incurred?</p>	<p>1 A I think they sold most of that equipment.</p> <p>2 There's an invoice in there for it.</p> <p>3 Q Do you know when Storage Transfer sold</p> <p>4 the equipment?</p> <p>5 A If you'll give me the bills, I'll let you</p> <p>6 know.</p> <p>7 Q These are the rest.</p> <p>8 A No, that's not the bills; these are the</p> <p>9 bills (indicating).</p> <p>10 Q You've given me a copy of a Storage</p> <p>11 Transfer document entitled "Bill of Sale" dated</p> <p>12 April 16th, 2004, reflecting a transfer to Priority</p> <p>13 Ro/Ro, LLC, care of E. T. Heinsen.</p> <p>14 Is that the equipment that's covered by</p> <p>15 the Ariel Valentin invoice?</p> <p>16 A Well, I have to cross-check it with that.</p> <p>17 I'm sure it is, and there's another one.</p> <p>18 Q There's a list of equipment attached to</p> <p>19 the bill of sale; is that correct?</p> <p>20 A That is correct.</p> <p>21 Q And who prepared that list?</p> <p>22 A I did. I did.</p> <p>23 Q Do you recognize the signatures on the</p> <p>24 bill of sale?</p>

DepositionsDelaware LLC

www.DeposDE.com

Lorraine Robins

11 (Pages 38 to 41)

Page 38	Page 40
<p>1 A Priority Ro/Ro and Arthur Davis.</p> <p>2 MR. ARMSTRONG: This bill of sale is part</p> <p>3 of Exhibit 9. For clarity, I'm going to mark it as</p> <p>4 9A.</p> <p>5 THE WITNESS: And B.</p> <p>6 MR. ARMSTRONG: Is that agreeable,</p> <p>7 Counsel?</p> <p>8 MR. MOLDOFF: Yes.</p> <p>9 BY MR. ARMSTRONG:</p> <p>10 Q All right. You've given me another bill</p> <p>11 of sale in the amount of \$73,750 that I'll mark as</p> <p>12 9B. This indicates transfer to Priority Ro/Ro LLC,</p> <p>13 care of E. T. Heinsen. There's also an equipment</p> <p>14 list attached to that.</p> <p>15 Is that a true and correct copy of the</p> <p>16 Storage Transfer bill of sale?</p> <p>17 A Yes, it is.</p> <p>18 Q Do you recognize the signatures on 9A and</p> <p>19 9B?</p> <p>20 A I recognize Arthur Davis' signature. I</p> <p>21 don't recognize whoever signed for Heinsen.</p> <p>22 Q When that equipment was sold, what was</p> <p>23 Arthur Davis' position with Storage Transfer?</p> <p>24 A He was working as a contractor.</p>	<p>1 Q Yes.</p> <p>2 There are check marks on the equipment</p> <p>3 list. Do you know what those check marks reference?</p> <p>4 A May I see?</p> <p>5 Q Yes.</p> <p>6 A I guess this is where I -- I don't know.</p> <p>7 I don't know what they reference. Huh-uh, I don't</p> <p>8 know.</p> <p>9 Q The list is a document that you've</p> <p>10 prepared; correct?</p> <p>11 A Yes.</p> <p>12 Q Where did you get the information</p> <p>13 necessary to prepare that list?</p> <p>14 A From here.</p> <p>15 Q From the Ariel invoice?</p> <p>16 A That is correct.</p> <p>17 Q Let me see the first page of those bills</p> <p>18 of sale, please.</p> <p>19 A You got the one there. Here's the other</p> <p>20 one.</p> <p>21 Q No -- never mind.</p> <p>22 On Exhibit 9B, did you prepare the list</p> <p>23 attached?</p> <p>24 A Yes.</p>
Page 39	Page 41
<p>1 Q So did he have authority to sign</p> <p>2 documents on behalf of Storage Transfer?</p> <p>3 A Yes, he did.</p> <p>4 Q What negotiations were there with</p> <p>5 Priority Ro/Ro in regard to sale of the equipment?</p> <p>6 A They were made by Mr. Davis.</p> <p>7 Q Were you involved?</p> <p>8 A No.</p> <p>9 Q Did he report to you regarding the</p> <p>10 negotiations?</p> <p>11 A Yes, he did.</p> <p>12 Q And what did he tell you?</p> <p>13 A Gave me the list of the equipment that</p> <p>14 the man was buying and the prices he got.</p> <p>15 Q When you say "the man," do you know who</p> <p>16 the --</p> <p>17 A Well, I don't know who he was dealing</p> <p>18 with, whether he was dealing with Priority or dealing</p> <p>19 with Heinsen, because, see, both names are on the</p> <p>20 invoice.</p> <p>21 And I think one was signed by Heinsen. I</p> <p>22 don't know who the other one was signed by. One was</p> <p>23 signed by Heinsen; one was signed by Priority Ro/Ro.</p> <p>24 Do you want to see them again?</p>	<p>1 Q Do you know why the check marks are on</p> <p>2 that list?</p> <p>3 A No.</p> <p>4 Q Do you recall how long before the actual</p> <p>5 sale the negotiations began?</p> <p>6 A How long before the sale?</p> <p>7 Q Before the actual bill of sale was</p> <p>8 signed.</p> <p>9 MR. MOLDOFF: Object to form.</p> <p>10 THE WITNESS: I don't know.</p> <p>11 It says here it was signed on 4/30/04 on</p> <p>12 this one.</p> <p>13 BY MR. ARMSTRONG:</p> <p>14 Q Yes. My question was, do you know how</p> <p>15 long before the document was signed the negotiations</p> <p>16 actually started?</p> <p>17 A Started on April 7th.</p> <p>18 Q Why do you say April 7th?</p> <p>19 A Because of the date that we have here on</p> <p>20 the bill of sale.</p> <p>21 Q Are you saying that negotiations --</p> <p>22 A Well, this one is the 16th of April,</p> <p>23 and this one is the 7th of April.</p> <p>24 Q All right. You're saying that 9B is the</p>



Thomas Holt

12 (Pages 42 to 45)

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1 quite content that your self-billing reports would  
2 pay down my loan at MBC.

3 Now, I don't know if that helps you or  
4 don't help you. But that's how the foundation was  
5 going forward, into that agreement.

6 **Q Payments under the -- under the  
7 self-billing reports went to MBC?**

8 A That's correct.

9 **Q Did they ever go to Emerald?**

10 A No, sir.

11 **Q Over what period of time did Emerald  
12 receive self-billing reports from Sea Star?**

13 A It went through '03. I think it stopped  
14 sometime in August/September of '03. That's a  
15 guesstimate.

16 **Q All of the payments under those reports  
17 went to MBC during that period of time?**

18 A That was the agreement, that the moneys  
19 would be paid to them for Sea Star utilizing Emerald  
20 equipment to pay down Emerald's loan with MBC.

21 **Q When you spoke with Scott Krieger about  
22 problems with the self-billing reports, what did he  
23 say to you?**

24 A It's not his problem.

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1 **Q Did he say why? Is that all he said?**

2 A He asked me why. And I said, Bob, as far  
3 as I know, they probably don't have the right idea on  
4 how the clerk makes up the self-billing reports. I  
5 don't know why.

6 But the position is, Hey, Tom, I'm a  
7 banker, I'm getting my loan reduced. Thank you very  
8 much. I'm not involved in your agreement between  
9 Emerald and Sea Star.

10 **Q When did you speak with Krieger about  
11 that?**

12 A The fall of '02 and then into '03. Then  
13 when I tried to find him later on, he had been  
14 replaced. He left the bank.

15 **Q And do you recall approximately how many  
16 discussions you had with him about the self-billing  
17 reports?**

18 A Once he told me it wasn't his problem, I  
19 stopped calling him on that issue.

20 **Q On what issues did you call him?**

21 A Then we had other business dealings, the  
22 family did, with Mr. Krieger, that --

23 **Q I should say, what other Sea Star issues?**

24 A Well -- Sea Star. Sea Star issues with

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1 MBC and Emerald?

2 There was a question being raised -- and  
3 I don't know what period of time -- about an  
4 indemnification meant (sic) that was in an agreement  
5 between yourselves, Sea Star, and MBC. I was made  
6 aware of it. I got copies of the documentation that  
7 flew around.

8 I don't know if that was in '05, '06.

9 Might have been '03. I just didn't -- somebody was  
10 misinterpreting the document, and it wasn't my -- my  
11 document. It was between MBC and Sea Star.

12 **Q Did you discuss with anyone regarding a  
13 claim that information contained in the self-billing  
14 reports was false and misleading?**

15 A Did I discuss with anyone?

16 **Q Yes.**

17 A I discussed it with Bob McGee. I  
18 discussed it with, as I told you, Scott Krieger.

19 Now, anyone after that? Obviously  
20 counsel. Obviously, Lorraine and Arthur, Jack Evans.  
21 I certainly did not put it in the Journal of  
22 Commerce, if that's your question.

23 **Q When did you have discussions with  
24 Lorraine Robins and Arthur Davis concerning the claim**

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1 **that information contained in the self-billing  
2 reports was false and misleading?**

3 A Literally, every time a self-billing  
4 report showed up.

5 And there came a time when I talked to  
6 Krieger about the position that Sea Star was taking,  
7 that they did not like the idea that their  
8 self-billing reports were being ripped apart by  
9 Lorraine. And this person complained bitterly to MBC  
10 and took the position they weren't going to send any  
11 more self-billing reports.

12 Somewhere there's a couple of emails,  
13 letters flying around that document that person's  
14 position. I think it was somebody in Puerto Rico.

15 **Q How were the self-billing reports false?  
16 In other words, what information contained in the  
17 self-billing reports was false?**

18 A I thought we covered this about  
19 45 minutes ago. But again, I'll tell you.

20 When the self-billing reports would be  
21 presented, we would -- "we" being Lorraine and Arthur  
22 and the office -- would gather all the information on  
23 that, gather the information from where they could  
24 find it -- i.e., railroads, truckers, Sea Star,



Lorraine Robins

13 (Pages 46 to 49)

Page 46	Page 48
<p>1 Q This refers to 15 percent of any 2 proceeds, net of expenses or other amounts disbursed 3 to third parties. 4 A Uh-huh. 5 Q What were the expenses? 6 A Telephone, office equipment, office rent, 7 contract employees, my salary. 8 Q Were you receiving a salary? 9 A Not yet. 10 Q Have you ever received a salary? 11 A No. 12 Q Is there any writing -- that is, any 13 document -- regarding your salary? 14 A I have to write myself a letter. 15 Q What are the other amounts disbursed to 16 third parties, to you knowledge, stated in that 17 letter? 18 A I would have to look at my books to find 19 that out. 20 Q Before you signed this letter, did you 21 discuss the contents with an attorney? 22 A No. 23 (Brief recess.) 24 BY MR. ARMSTRONG:</p>	<p>1 A I got to read the next part. 2 Yeah, it's a carve-out for legal fees. 3 Q Is that in addition to the 15 percent 4 carve-out? 5 A Yes, it is. 6 Q So am I correct in understanding that 7 Storage has two carve-outs: One -- 8 A For legal fees. 9 Q -- carve-out to Emerald, and the other 10 for legal fees? 11 A Yes. One is for the estate, and one is 12 for legal fees. 13 Q And Exhibit 12 is a copy of a letter 14 dated August 15th, 2007, that you received; 15 correct? 16 A Uh-huh. 17 Q Is that a third cash-out? 18 A No, it is not. It's Adelman Lavine had 19 merged their firm with Eckert Seamans; and it just is 20 reverting to -- the carve-out of the legal fees is 21 now reverting to Eckert Seamans instead of Adelman 22 Lavine. 23 Q For the Eckert Seamans bills? 24 A Yeah.</p>
Page 47	Page 49
<p>1 Q You received another letter dated 2 February 25th, 2004, that has been marked as 3 Exhibit 11. 4 A Yeah, uh-huh. 5 Q Do you know what the purpose of that 6 letter was? 7 A It was my agreement to -- I'm not reading 8 it, skimming over it. Looks like it's my agreement 9 to do the carve-out. 10 Q Is that carve-out in addition to the 11 contribution to the Emerald estate? 12 A It's the same thing. There's only one 13 carve-out. 14 Q I think you better look at the carve-out 15 letter. Why don't you read it. 16 A I was trying to rush. 17 Q I know. 18 A Yeah, this is Storage's guarantee of 19 paying the legal fees for Adelman &amp; Lavine. 20 Q It's entitled "carve-out." 21 A I didn't write the letter. I don't know 22 why it's entitled "carve-out." But it basically 23 refers to the legal fees. 24 Q Is that a carve-out for a legal fees?</p>	<p>1 Q You've also given me a Chapter 11 2 quarterly fee statement, Emerald Equipment Leasing, 3 Inc. That is Exhibit 8. 4 Do you know what that document is? 5 A Well, this was a document for the 6 trustee. And they were around -- balances for the 7 trustee -- the trustee for a period of time. They 8 hadn't been paid by Emerald, because Emerald didn't 9 have any money. I paid it for them. 10 Q Do you have any other quarterly fee 11 statements? 12 A Yeah, I do. I have another additional 13 \$3,000 worth that I haven't paid yet. 14 MR. ARMSTRONG: Let me show you a copy of 15 a document entitled Motion of MBC Leasing Corp. for 16 Allowance and Payment of Administrative Priority 17 Claims that I'll ask the court reporter to mark as 18 Exhibit 14 for identification. 19 (S.T. Exhibit 14 was marked for 20 identification.) 21 BY MR. ARMSTRONG: 22 Q Have you ever seen this document before? 23 A No, I have not. 24 Q Did you and Mr. Krieger, or anyone else</p>

## Lorraine Robins

17 (Pages 62 to 65)

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1 At that time, I received April 29th to May 15th;  
2 May 15th to May 30th; June and July -- I believe  
3 those -- three months.

4 At that particular time, the only thing I  
5 did with those was put them on a spreadsheet,  
6 reporting the equipment that they showed on there,  
7 the amount that was paid.

8 That's the only thing I did. I wasn't  
9 checking them against anything; I was just putting  
10 them in some semblance of order.

11 **Q When did you begin checking them?**

12 A I began checking them -- I guess it was  
13 much, much later, several months later.

14 This transpired when Mr. Davis went down  
15 to San Juan several times and found equipment unused  
16 on the pier; and he would send a fax or call me up on  
17 the telephone and give me a list of equipment that he  
18 saw moving with Sea Star tractors on the pier,  
19 checking to see if they were on the self-billing  
20 reports.

21 He saw a group of our -- of containers  
22 that were being used for a shop and offices, fence  
23 line and things like that. So that's when I started  
24 checking to see if they were on the self-billing

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1 said, I found that there were lots and lots of  
2 discrepancies.

3 At that particular time, I decided it  
4 would be much simpler to take each category, such as  
5 20-foot chassis, 40-foot chassis, 45-foot chassis,  
6 gen-sets and each type of container and make a  
7 separate invoice for each one. So I changed billing  
8 systems entirely and set them up that way.

9 **Q When you set them up that way, did you  
10 send the invoices to Sea Star on a monthly basis?**

11 A Sent them on a monthly basis. By then it  
12 was -- I sent them at the end of the -- let's see.  
13 It's -- by the time I got them done, it was probably  
14 at the end of that period of time when the lease  
15 expired.

16 So I didn't -- so I sent them all out at  
17 one time. But I did send them the invoices.

18 **Q Do you recall when you sent them out?**

19 A Not really. They must have dates on them  
20 somewhere. Copies were received by Sea Star Line.

21 **Q And how do you know that?**

22 A Well, they didn't come back to me.

23 **Q Did you send them to any particular  
24 person at Sea Star Line?**

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1 report.

2 **Q And you were aware that Mr. Davis had  
3 complained, in 2002, about alleged discrepancies in  
4 the self-billing reports?**

5 A Could have been at that particular time,  
6 towards the end of 2002, yes.

7 **Q You never saw any of Mr. Davis'  
8 communications to Sea Star regarding self-billing  
9 reports?**

10 A No, I don't recall any.

11 **Q As Storage Transfer, have you continued  
12 to review self-billing reports?**

13 A I have.

14 **Q Have you made changes in your invoices?**

15 A I have.

16 **Q How do you notify Sea Star when you're  
17 making a change in your invoices?**

18 A Well, originally I started sending out  
19 invoices in an A, B, C -- an A invoice, B, C, that  
20 kind, and it was a mixed-up invoice.

21 Then in August of '03 -- August 21st of  
22 '03, I received a 66-page statement from Andy Rooks  
23 of Sea Star Line. And when I started checking this  
24 against what he said he had for equipment and what I

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1 A Well, sometimes I sent them  
2 electronically to Andy Rooks.

3 **Q When did you begin doing that?**

4 A I don't recall.

5 **Q Your invoices -- well, became Storage  
6 Transfer invoices after the change?**

7 A No; they became Emerald invoices over  
8 time.

9 **Q Is Emerald acting on behalf of Storage  
10 Transfer in regard to these invoices?**

11 MR. MOLDOFF: Object to form.

12 THE WITNESS: I don't know what you mean  
13 by that.

14 BY MR. ARMSTRONG:

15 **Q Well, am I correct in understanding that  
16 Storage Transfer expected to collect the money;  
17 correct?**

18 A That's correct.

19 **Q So any invoices that are prepared now  
20 would be for Storage Transfer; correct?**

21 A No, they're for Emerald's equipment.

22 Emerald Equipment, when they receive  
23 payment for these invoices, at 15 percent carve-out,  
24 would go to the estate; the legal fees will be paid;

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18 (Pages 66 to 69)

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1 the balance will go to the secured creditors; and  
2 anything over the secured creditors will revert to  
3 the estate.

4 **Q Well, am I correct in understanding that**  
5 **you can't determine what the 15 percent carve-out to**  
6 **Emerald would be until all of this is completed?**

7 A That's correct.

8 **Q So when the money is received in payment**  
9 **of an invoice, that would go to Storage Transfer;**  
10 **correct?**

11 A No; it would go to Emerald.

12 **Q Storage Transfer has to pay MBC; correct?**

13 A No; MBC has been paid. Storage Transfer  
14 has taken MBC's position. MBC has to receive  
15 20 percent of the rental after expenses.

16 **Q So Storage Transfer would have to pay MBC**  
17 **20 percent of any payment received after Storage**  
18 **Transfer's expenses; correct?**

19 A After Storage Transfer's expenses, after  
20 the 15 percent carve-out for the estate, and after  
21 the legal fees. Then that money goes to Storage  
22 Transfer, who has taken MBC's position.

23 With that money, it will be 20 percent of  
24 the revenue for rental of equipment, less Emerald's

1 MR. ARMSTRONG: Well, let me say -- let  
2 me ask you whether you recognize these documents that  
3 I'll ask the court reporter to mark as Exhibit 22.  
4 (S.T. Exhibit 22 was marked for  
5 identification.)

6 BY MR. ARMSTRONG:

7 **Q I'm going to show you a copy of Emerald**  
8 **Equipment lease invoice to Sea Star Line, Inc.,**  
9 **schedule -- it looks like 40-foot chassis.**

10 A Okay.

11 **Q My old eyes have problems with this. It**  
12 **starts with document Page No. E06881A?**

13 A Yeah; this is the latest bill.

14 I thought we got this blown up for you.  
15 Wasn't this blown up for you?

16 **Q Pardon?**

17 A Wasn't this blown up when you got it?

18 **Q Not for me. I don't know whether it was**  
19 **blown up --**

20 A If you'll see, there's a little column  
21 alongside of each -- right here -- see this little  
22 column here?

23 **Q Uh-huh.**

24 A It's marked "AG." That means it was

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1 expenses.

2 **Q Does the Loan Sale and Assignment**  
3 **Agreement provide for a carve-out to Emerald?**

4 A What do you mean, a carve-out to Emerald?

5 **Q The Loan Sale and Assignment Agreement**  
6 **between --**

7 A Of the loan? No, that only comes to --

8 **Q It doesn't say anything about a carve-out**  
9 **to Emerald, does it?**

10 A No. No, it doesn't.

11 **Q It provides for a 20 percent payment to**  
12 **MBC, as designed in the agreement?**

13 A That's correct.

14 **Q And am I correct in understanding that**  
15 **MBC is not a party to any carve-out agreement between**  
16 **Storage Transfer and Emerald?**

17 A That's correct.

18 **Q Now, have you been adding equipment to**  
19 **these invoices?**

20 A I have.

21 **Q And how have you done that? What are the**  
22 **circumstances under which you've done that?**

23 A I don't know which invoices you're  
24 looking at there. You say "these invoices."

1 adjusted.

2 **Q That was adjusted from previous invoices;**  
3 **is that correct?**

4 A That's correct.

5 **Q Previous invoices from the beginning? Or**  
6 **from the first person on?**

7 A Yes. So this is the most current  
8 invoice, I believe.

9 **Q Can you tell from this document when you**  
10 **prepared -- I should say when Storage prepared this**  
11 **invoice?**

12 A It says "amended 8/28/07" -- my copy that  
13 I'm looking at.

14 **Q So am I correct in understanding that**  
15 **this document was amended after the amended**  
16 **counterclaim was filed?**

17 A What amended counterclaim?

18 **Q The Emerald Equipment Leasing amended**  
19 **counterclaim against Sea Star.**

20 A Yes, it was amended.

21 **Q Was it amended to include equipment that**  
22 **was not on invoices submitted to Sea Star prior to**  
23 **filing the amended counterclaim?**

24 A It was amended to equipment that was not

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19 (Pages 70 to 73)

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<p>1 on Sea Star's prior invoices; and it was also 2 adjusted, in some cases, down. 3 I mean, if -- we gave them credit for 4 something if we had missed it. It was amended both 5 ways, up and down. 6 <b>Q</b> Have you continued to amend invoices 7 after Exhibit 22? 8 A I think I've stopped now. 9 MR. ARMSTRONG: Let me show you a 10 document that I'll ask the court reporter to mark as 11 Exhibit 23. It's Emerald Equipment Leasing Invoice 12 to Sea Star Lines 40-Foot Chassis, Not Terminated As 13 Per Lease Agreement and Additional Rent. 14 (S.T. Exhibit 23 was marked for 15 identification.) 16 BY MR. ARMSTRONG: 17 <b>Q</b> Is that a document that you prepared? 18 A Yes, it is. 19 <b>Q</b> And in regard to Exhibit 22, was 20 Exhibit 23 prepared before Exhibit 22? 21 A Yes. According to this, it was 22 October 21st, '06. 23 <b>Q</b> No, that document has, in the far 24 right-hand column, the word "adjusted."</p>	<p>1 A No. 2 <b>Q</b> That document, Exhibit 23, does not have 3 what we call a Bates number, the E followed by the 4 numbers. 5 A Well, then you should have one with the 6 Bates numbers. I don't know where you got these if 7 they don't have a Bates number. 8 <b>Q</b> Do you know when that document was 9 furnished to Sea Star? 10 A No, I don't, because all these invoices 11 should have gone out together, because -- it should 12 have a Bates number on it. 13 MR. ARMSTRONG: All right. I'm going to 14 show you another series of documents -- Emerald 15 Equipment Leasing, Inc.; Schedule 40-Foot Chassis -- 16 that I'll ask the court reporter to mark as 17 Exhibit 24 for identification. 18 (S.T. Exhibit 24 was marked for 19 identification.) 20 BY MR. ARMSTRONG: 21 <b>Q</b> Do you recognize that? 22 A This looks like a prior bill. What was 23 this one? This is an earlier invoice, I believe. 24 <b>Q</b> In October 2007, do you recall sending</p>
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<p>1 A That's correct. 2 <b>Q</b> -- by several. What does that mean? 3 A That means that we later -- we later 4 recouped the equipment and sold it, and when we did, 5 we gave a credit for the stipulated value and made it 6 what we received less the stipulated value. 7 Look at the first one. It says \$900. So 8 that means that we got \$1,300 payment for that 9 chassis. 10 <b>Q</b> After you recouped the equipment, did you 11 give Sea Star any notice of sale prior to the time 12 that you sold it? 13 A No; the lease was canceled at this 14 particular time. 15 <b>Q</b> At what particular time? 16 A When we sold it. 17 <b>Q</b> Are you saying that the lease didn't 18 apply to the sale? 19 MR. MOLDOFF: Object to form. 20 THE WITNESS: I'm saying that we didn't 21 give them notice. 22 BY MR. ARMSTRONG: 23 <b>Q</b> On any of the adjusted sales, do you 24 recall giving Sea Star notice prior to the sale?</p>	<p>1 Andy Rooks an electronic version of the invoice? 2 A No, I don't recall. I know I sent them 3 all electronic versions sometime, but I don't know 4 when it was. Is that what this is? 5 <b>Q</b> I think that's what it is. 6 A Okay. 7 <b>Q</b> Is it your understanding that that 8 version is an earlier version of Exhibit 22? 9 A Yes, it is. 10 This is dated -- amended August 28th, 11 '07; and this is amended May 1st, '06. 12 <b>Q</b> Have you prepared any invoices after 13 August 2007 or revised any invoices after 14 August 2007? 15 A Well, I don't know. I'd have to look at 16 all the invoices. They should have been all around 17 the same time, but I'm not sure. What do they say 18 here? 19 <b>Q</b> I'm not going to show you any more. I'm 20 out of invoices. 21 A Oh, you're out of invoices. 22 Well, it was during this period of time 23 that I was sending them so -- they all fell around 24 that date.</p>



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20 (Pages 74 to 77)

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<p>1 Q And did you add equipment to this</p> <p>2 invoice, Exhibit 22, that had not been on prior</p> <p>3 invoices?</p> <p>4 A I would say so. I'd have to check it</p> <p>5 against each invoice.</p> <p>6 I'd said yes, because the total on this</p> <p>7 invoice is 889,000 and change.</p> <p>8 Q Wait. You're referring to Exhibit 24?</p> <p>9 A Yeah. And on this one it's 904,000 and</p> <p>10 change.</p> <p>11 Q Did you take equipment off invoices?</p> <p>12 A In some cases.</p> <p>13 Q What cases would you take equipment off</p> <p>14 invoices?</p> <p>15 A If a document showed me that you had</p> <p>16 returned it or that it was signed for by a</p> <p>17 representative of Emerald, I adjusted the bill</p> <p>18 accordingly. I wouldn't --</p> <p>19 Q Was it your understanding that a</p> <p>20 representative of Emerald had to sign for equipment</p> <p>21 that was returned?</p> <p>22 A Yes.</p> <p>23 Q Where did you gain that understanding?</p> <p>24 A I gained that, I think, from the lease</p>	<p>1 A No, I do not.</p> <p>2 Q Have you ever heard of it?</p> <p>3 A No, I have not.</p> <p>4 Q August 16th, 2006, was Mr. Davis a</p> <p>5 contract representative or employee for Storage</p> <p>6 Transfer?</p> <p>7 A He worked off and on during that year.</p> <p>8 Q Have you ever spoken with E. T. Heinsen?</p> <p>9 A Spoken with him? Yes, I spoke to E. T.</p> <p>10 Heinsen, to Teddy Heinsen.</p> <p>11 Q When did you last speak with him?</p> <p>12 A I spoke with him in -- about a year ago.</p> <p>13 Q What was the subject of your</p> <p>14 conversation?</p> <p>15 A The subject of my conversation was, one,</p> <p>16 I was -- I wanted to get his -- copies of his</p> <p>17 electronic data that he -- I wanted to confirm his --</p> <p>18 rather, how he transmitted his data from his facility</p> <p>19 to Navieros in Edison and he told me that this was</p> <p>20 transmitted daily from him to Edison for all the</p> <p>21 loading and unloading of ships and movements of cargo</p> <p>22 directly into their computer.</p> <p>23 Q Over what period of time did he tell you</p> <p>24 that occurred?</p>
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<p>1 agreement with Emerald.</p> <p>2 Q Have you read the complete lease</p> <p>3 agreement since we were last together?</p> <p>4 A Not really. Not really.</p> <p>5 I also thought I received -- somewhere I</p> <p>6 read a document from Andy Rooks where he spelled out</p> <p>7 the fact that the lease agreement has to be -- the</p> <p>8 Emerald agent had to sign off with -- I have that</p> <p>9 document somewhere.</p> <p>10 Q Okay. Am I correct in understanding that</p> <p>11 as of today, you have not read the complete equipment</p> <p>12 rental agreement?</p> <p>13 A Oh, I have read it. I just don't</p> <p>14 remember it right now.</p> <p>15 MR. ARMSTRONG: Let me show you a copy of</p> <p>16 a letter dated August 16th, 2006, that I'll ask the</p> <p>17 court reporter to mark as Exhibit 25 for</p> <p>18 identification.</p> <p>19 (S.T. Exhibit 25 was marked for</p> <p>20 identification.)</p> <p>21 BY MR. ARMSTRONG:</p> <p>22 Q Do you recognize that letter?</p> <p>23 A No, I don't.</p> <p>24 Q Do you know what The Corona Group is?</p>	<p>1 A When he was an agent.</p> <p>2 Q And he had been an agent for NPR</p> <p>3 beginning in 2000?</p> <p>4 A I have no idea how long he was an agent.</p> <p>5 Q Did he tell you anything else?</p> <p>6 A No.</p> <p>7 Q What did you say to him?</p> <p>8 A I asked him how he did it. And he</p> <p>9 explained it to me, and I said, Thank you.</p> <p>10 Q Have you spoken or communicated with any</p> <p>11 other representatives of E. T. Heinsen C. Por A., the</p> <p>12 company?</p> <p>13 A No.</p> <p>14 Q Are there any representatives of Emerald,</p> <p>15 other than Arthur Davis, to your knowledge?</p> <p>16 A I don't know whether Arthur represents</p> <p>17 Emerald or not.</p> <p>18 Q If you had to communicate with Emerald,</p> <p>19 with whom would you communicate? Anyone from</p> <p>20 Emerald.</p> <p>21 A I would communicate with Mr. Holt.</p> <p>22 Q Have you had any communications with</p> <p>23 representatives of the NPR bankruptcy trustee?</p> <p>24 A No.</p>

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26 (Pages 98 to 101)

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1 it is. You'll have to tell me what it means. Then  
2 it could refresh my memory.

3 Q You've never seen it before?

4 A To my knowledge, I have not.

5 MR. ARMSTRONG: All right. Can I ask  
6 that this be marked as 8.

7 (E.E.L. Exhibit 8 was marked for  
8 identification.)

9 BY MR. ARMSTRONG:

10 Q As part of your damage claim --

11 A I'm not done reading it, so give me a  
12 minute here.

13 MR. MOLDOFF: For the record, it was a  
14 settlement of an issue that arose regarding equipment  
15 that was remaining in court or going -- there was a  
16 continuing dispute. But it was a settlement that was  
17 approved by the bankruptcy court with respect to the  
18 disposition of that equipment pursuant to the  
19 stipulation.

20 THE WITNESS: Then it is what it is.

21 MR. MOLDOFF: And the document speaks for  
22 itself.

23 BY MR. ARMSTRONG:

24 Q Does part of your damage claim relate to

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1 equipment that was located in the Dominican Republic  
2 on April 27th, 2002?

3 A Sitting here, I can't tell you without  
4 going into all the documents.

5 We -- you're now talking about equipment  
6 you never returned? Is that what you're suggesting?

7 Q I'm not suggesting anything. I'm --

8 A What's your question then?

9 Q I'm asking you a question.

10 Does part of your damage claim --

11 A Right.

12 Q -- that is, Emerald's damage claim --

13 A Right.

14 Q -- relate to equipment that was in the  
15 Dominican Republic on April 27th?

16 MR. MOLDOFF: In other words, the  
17 question relates to either rental payments and/or --

18 THE WITNESS: Prior to April --

19 MR. MOLDOFF: -- stipulated loss value.

20 I object to the question.

21 BY MR. ARMSTRONG:

22 Q On or before April 27th, 2002.

23 A We would not invoice you on or before  
24 April 27th, '02.

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1 MR. MOLDOFF: Are you saying --

2 BY MR. ARMSTRONG:

3 Q Does part of your claim relating to  
4 Emerald equipment cover equipment that was located in  
5 the Dominican Republic on or before April 27th,  
6 2002?

7 MR. MOLDOFF: Do you mean if it was  
8 thereafter used by Sea Star? I object to the form of  
9 the question.

10 THE WITNESS: Well, let's first  
11 establish, when did you buy the company?

12 BY MR. ARMSTRONG:

13 Q I think we went through that a couple of  
14 hours ago.

15 A We went through a lot.

16 Q The document -- the order was entered on  
17 April 27th -- I'm sorry -- April 26th, and the  
18 closing occurred by the transfer of funds on  
19 April 27th.

20 A So April 29th, you had possession of  
21 the Emerald equipment.

22 Q That's a comment by you.

23 A Yes.

24 Q Now, I'm asking you --

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1 A It's a fact.

2 Q -- a question.

3 A You took over Emerald's equipment as of  
4 the closing. You either would return it within two  
5 weeks after the closing or you were using it. If you  
6 returned it, you would not be charged.

7 Q Does part of Emerald's claim relate to  
8 equipment that was located in the Dominican Republic  
9 on or before April 27th, 2002?

10 MR. MOLDOFF: Object to the form of the  
11 question.

12 THE WITNESS: April 29th or 27th?

13 BY MR. ARMSTRONG:

14 Q April 27th.

15 A And that's prior to you buying the  
16 company.

17 Q April 27th, 2002.

18 MR. MOLDOFF: Object to the form of the  
19 question.

20 THE WITNESS: It is, so -- I don't  
21 understand the question. I leave it at that.

22 BY MR. ARMSTRONG:

23 Q You don't understand what Emerald's claim  
24 is with respect to equipment located in the Dominican